

**BUSINESS REPORT**

**MONTANA HOUSE OF REPRESENTATIVES  
61st LEGISLATURE - REGULAR SESSION**

**HOUSE TAXATION COMMITTEE**

**Date:** Thursday, January 8, 2009

**Time:** 8:00 am

**Place:** Capitol

**Room:** 152

**BILLS and RESOLUTIONS HEARD:**

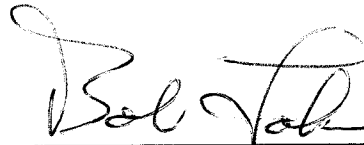
Prefix (HB, HR, HJR, SB, SR, or SJR) and number. Add Postponed (PP) when appropriate:

Organizational Meeting; Legislative Fiscal Analyst; Dept. of  
Revenue


**EXECUTIVE ACTION TAKEN:**

Prefix (HB, HR, HJR, SB, SR, or SJR) and number. Enter P(pass) F(failed) DPAA (do pass as amended) BC(be concurred in) BCAA (be concurred in as amended):


**COMMENTS:**



REP. Bob Lake, Chairman

**HOUSE OF REPRESENTATIVES**  
**Roll Call**  
**TAXATION COMMITTEE**

DATE: 1-8-09

<u>NAME</u>	<u>PRESENT</u>	<u>ABSENT/ EXCUSED</u>
Bob Lake, Chair	✓	
Jill Cohenour, Vice-Chair	✓	
Janna Taylor, Vice Chair	✓	
Dick Barrett	✓	
Mark Blasdel	✓	
Edward Butcher	✓	
Wanda Grinde	✓	
Robin Hamilton	✓	
Brian Hoven	✓	
Mike Jopek	✓	
Dave McAlpin	✓	
Mike Miller	✓	
Art Noonan	✓	
JP Pomnichowski	✓	
Lee Randall	✓	
J. David Roundstone	✓	
Jon Sonju	✓	
Wayne Stahl	✓	
Chas Vincent	✓	
Brady Wiseman	✓	

insamatawa  
meeting

Montana House of Representatives  
Visitors Register

HOUSE TAXATION COMMITTEE

Date 1-8-09

Bill No. XX/XX Sponsor(s) XXXXXX

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Name and Address	Representing	Support	Oppose	Inf.
Don Heilmann	MT. TAXPAYERS ASSN			
Marla Larson	DOR			X
Marla Larson	DOR			X
Larson Silbaugh	DOR			X
Vern Fogle	DOR			X
Karen Powell	Tax Appeal Board			
RANDY WILKE	DEPT. OF REVENUE			X
Michal Christensen	DOR			
Roger Lloyd	LFD			
Gene Walborn	DOR			X
C.A. Dae	DOR			
Darci Wiebe	MT DOR			
Debbie Jurcich	DOR			X
Kory Hofland	DOR			X

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.



Dan Bucks  
Director

# Montana Department of Revenue



Brian Schweitzer  
Governor

AD

Date: January 14, 2009

To: Rep. Richard Barrett  
Rep. Bob Lake

From: Dan Dodds, Tax Policy Analyst

Subject: State Taxes and Gross State Product

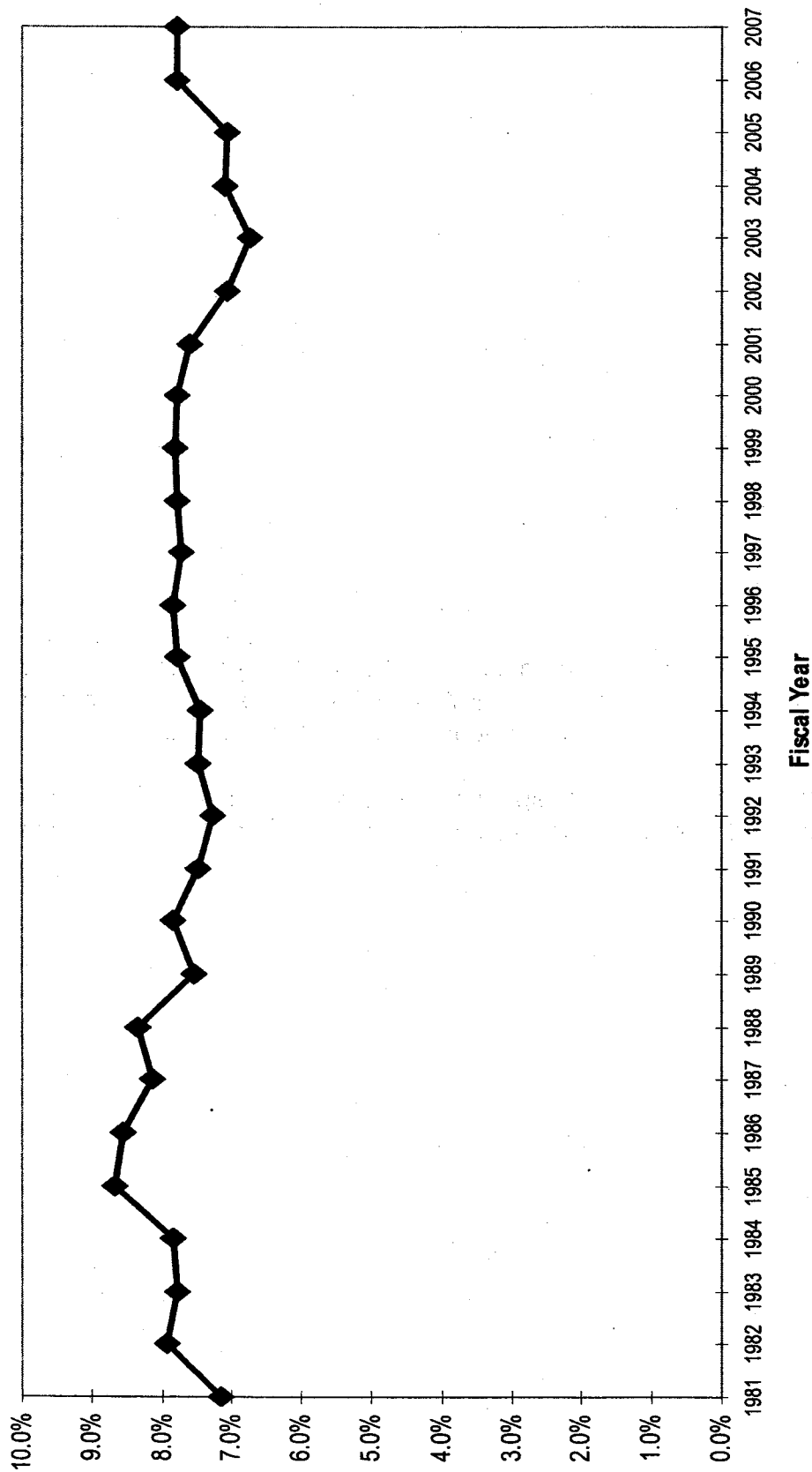
You asked to see a graph of state and local taxes in Montana compared to gross state product (GSP). The first of the three attached graphs shows state and local taxes as a percentage of gross state products from 1981 through 2007, which is the last year for which GSP estimates have been released.

The second and third graphs show additional information related to the period from 2000 through 2006 when the ratio of taxes to GSP dropped and then returned to its previous level. The second graph is the same as the graph on the bottom of page 24 of the department's Biennial Report. It shows drops and recoveries of revenue in the 2000 through 2006 period for property taxes and income taxes.

The 1999 legislature made several structural changes to property taxes, reducing tax rates for several classes of property and exempting some property from taxation. This reduced property tax revenue for fiscal year 2001. Over the next several years, local mill levies increased and revenue returned to about its pre-2001 trend.

The drop and recovery in income tax revenue is largely related to changes in types of income that are tied more to the national economy than to the production of goods and services in Montana. The third graph shows the three most important of these, capital gains, interest, and dividends. Capital gains and dividends both peaked in 2000 and then dropped for two years before beginning to rise again. Interest income peaked in 2001 and then dropped each of the next three years before beginning to increase again in 2005.

Montana State and Local Taxes as a Percent of Gross State Product  
1981 - 2007



—◆— taxes as percent of GSP